# Markets react to inflation data

During the holiday-shortened week, the major US equity indices closed lower. The release of the Personal Consumption Expenditures Price Index (PCE), which is the Federal Reserve's preferred gauge for tracking inflation, showed little change compared to previous months. The PCE index rose by 2.7% in April, unchanged from March. The Core PCE, which excludes volatile food and energy prices, remained at 2.8% for the third consecutive month. Surprisingly, US Consumer Confidence improved in May after declining for the past three months. The index rose to 102.0 from an upwardly revised 97.5 in April, reflecting more positive views about business conditions.

In Europe, major stock indices also experienced declines as eurozone inflation, measured by the Harmonized Index of Consumer Prices (HICP), increased above expectations. Annual inflation in May reached 2.6%, up from 2.4% in April, slightly above the anticipated 2.5%. Core inflation rose to 2.9% from the previous month's 2.7%, ending a nine-month period of disinflation. Notably, annual energy inflation turned positive for the first time since April 2023. These developments added some uncertainty to the potential easing of policies by the ECB before their upcoming meeting, however consensus expectations remain positive on a 25-basis point cut. In Germany, annual inflation matched forecasts at 2.4% in April, while the core rate remained at 3.0%. Consumer sentiment in Germany improved to a level not seen in over two years, indicating a positive outlook for the country's economy. German bond yields remained relatively stable following these releases.

**Fact of the Week**

Indian markets hit all-time highs with a notable 3.3% leap in the Nifty 50 index, marking the largest single-day jump in over three years.

**Our regular market information continues on the next page.**

## Snapshot

Corporate Bonds

Gold

World Equities

Sovereign Bonds

Copper

Oil

## The week ahead

| | |
|---|---|
| **05 June** | Eurozone PMI data is released. |
| **06 June** | ECB announce interest rate decision. |
| **07 June** | US nonfarm payrolls go to print. |

| | 1 Week Return 27.05.24 to 03.06.24 | | Year to Date Return 31.12.23 to 03.06.24 | |
|---|---|---|---|---|
| | Local Currency | Euro | Local Currency | Euro |
| World | -0.4% | -0.5% | 9.8% | 11.6% |
| U.S. | -0.5% | -0.6% | 10.8% | 12.6% |
| Europe | -0.2% | -0.2% | 10.4% | 10.4% |
| Ireland | -0.3% | -0.3% | 26.7% | 26.7% |
| U.K. | -0.8% | -0.9% | 8.7% | 10.7% |
| Japan | 1.1% | 1.3% | 20.6% | 10.6% |
| Hong Kong | -2.5% | -2.7% | -4.0% | -2.6% |
| Corporate Bonds | 0.0% | 0.0% | -1.1% | -1.1% |
| Sovereign Bonds | -0.3% | -0.3% | -2.5% | -2.5% |

### Equities

- Global stocks were down last week by -0.5% in euro terms and -0.4% in local terms.
- Year-to-date global markets are up by 11.6% in euro terms and by 9.8% in local terms.
- The U.S market, the largest in the world, finished at -0.6% in euro terms and -0.5% in local terms.

### Fixed Income & FX

- The U.S. 10-year yield finished at 4.4% last week. The German equivalent finished at 2.6%. The Irish 10-year bond yield finished at 3.0%.
- The Euro/U.S. Dollar exchange rate finished at 1.09, whilst Euro/GBP finished at 0.85.

### Commodities

- Oil finished the week at $74 per barrel and is up 4.9% year-to-date in euro terms.
- Gold finished the week at $2,351 per troy ounce and is up 15.4% year-to-date in euro terms.
- Copper finished the week at $10,017 per tonne.

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